LP ADVISORY

NEWSLETTER 07/2026

13.07.2026

IN THIS EDITION

1 Supplementary pension schemes: reform of automatic enrolment and new pension benefits

TO ALL CUSTOMERS

Introduction

This circular sets out a concise overview of the principal legislative and regulatory amendments governing supplementary pension schemes, which entered into force on 01/07/2026.

The reference sources are Law No. 199 of 30/12/2025, Legislative Decree No. 252/2005 as subsequently amended, and the COVIP Resolutions of 19, 23 and 25/06/2026.

1. Automatic enrolment in supplementary pension schemes

1.1 The new mechanism at a glance

Law No. 199/2025 replaces the previous "silent consent" (tacit enrolment) mechanism with a statutory automatic enrolment regime applicable to private-sector employees. The reform entered into force on 01/07/2026 and applies exclusively to employees employed as of that date. Domestic workers and public sector employees are expressly excluded from its scope of application.

The reform introduces a substantial departure from the previous legal framework. Under the former tacit enrolment regime, severance pay (*TFR*) was allocated to the supplementary pension fund only where the employee failed to communicate their intention to opt out within six months of the commencement of employment.

Under the new automatic enrolment system, the employee is deemed to be a member from the day of recruitment; opting out within 60 days is the exception. For recruitment up to 30/06/2026, the previous rules continue to apply.

1.2 First-time employees (from 01/07/2026)

For all individuals hired for the first time as employees in the private sector, enrolment in a supplementary pension scheme is automatic from the moment of hiring. The principal operational implications of the new automatic enrolment regime are as follows:

- Accruing severance pay (TFR) is allocated to the designated fund specified in the applicable collective agreement (national, regional or company-level collective agreement). Where there are multiple funds, the one identified by company agreement takes precedence; failing that, the fund to which the largest number of the company's employees are enrolled at the date of recruitment applies.
- In the absence of collective agreements, the default fund is COMETA (metalworking sector). In this case, only severance pay is due; no employer or employee contributions are done.
- Payments (TFR plus employer and employee contributions, in accordance with the rates set out in the collective agreement) start from the month following the expiry of the 60-day period and include the amount accrued from the date of employment.
- If the collective agreement excludes contribution payments during the probationary period, the employer must still pay the TFR from the date of hiring and the contributions once the probationary period has been successfully completed.
- The employee's contribution is not compulsory if the annual gross salary (*RAL*) is less than the annual social allowance (Euro 7.101,12); in this case, the employee may declare within 60 days that they do not wish to contribute.
- Fixed-term contracts of less than 60 days are excluded from automatic enrolment.
- Termination of the employment relationship before the expiry of the 60-day period invalidates automatic enrolment.

1.3 The 60-day period and the waiver

Within 60 days of the commencement of the employment relationship, the employee may exercise one of the following options:

- Waiving to of automatic enrolment and retain their severance pay (*TFR*) under the scheme provided for in Article 2120 of the Italian Civil Code (with the provisions governing the INPS Treasury Fund applying where relevant);

- Designate a different supplementary pension scheme to which the employee is already enrolled or to which the same elects to become affiliated following recruitment;
- Choose to allocate only a percentage of their TFR to the fund, if provided for in the agreements.

The waiver constitutes a unilateral legal act requiring receipt by the employer in order to produce its legal effects. Upon effective notification, the waiving shall operate retroactively from the date of commencement of the employment relationship. Periods of statutory or contractual leave shall not suspend, interrupt, or otherwise affect the running of the 60-day waiver period.

1.4 Workers with previous employment history commencing new employment after 30/06/2026

The automatic enrolment mechanism also applies to workers who have previously been employed and who commence a new employment relationship after 30/06/2026, but only if, at the time of their new employment, they are already enrolled in a supplementary pension scheme with their severance pay allocated, even partially, to that scheme.

<u>The new employer shall obtain a declaration from the employee confirming whether the employee is, or is not, enrolled in a pension scheme to which TFR contributions are allocated</u>.

2. Employer’s information obligations

Upon recruitment, the employer is required to provide the new employee with detailed information on:

- The applicable National Collective Labour Agreement (*CCNL*) and its provisions regarding supplementary pension schemes;
- The automatic enrolment mechanism and its implications for severance pay and contributions;
- The type of pension scheme and the investment arrangements;
- The available options and the relevant timeframe (60 days).

The designated pension scheme is required to inform the employee of their enrolment, the investment strategy adopted and any further options available.

3. ‘Life cycle’ investment strategy for automatic enrolment (COVIP Resolution of 23/06/2026)

COVIP has adopted guidelines establishing the minimum criteria with which supplementary pension schemes must comply in order to receive automatic enrolments. The mandatory investment model is based on the ‘life cycle’ approach, namely an investment strategy designed to progressively and automatically reduce the member's exposure to investment risk as the member approaches retirement age, thereby ensuring that the risk-return profile is adjusted to reflect the residual investment horizon until retirement.

3.1 General principle and automatic risk reduction (glide path)

The risk reduction path (glide path) is divided into three phases:

Stage	Definition	Min./max. allocation to equity securities
Initial	Young members, retirement horizon > 15 years	At least 50%
Intermediate	Gradual reduction towards the final phase	Predefined downward trajectory
Final	Members approaching retirement (within 5 years)	Not exceeding 20 per cent

Pension schemes may adopt one of the following three types of life cycle investment models: (a) automatic switching between distinct sub-funds; (b) a multi-fund allocation model under which percentage allocations to each sub-fund vary over time; (c) target-date funds for cohorts of members within a similar age group. Reallocation costs are limited to the recovery of administrative expenses only.

Supplementary pension schemes were required to publish, on their respective websites no later than 30/06/2026, confirmation of their eligibility to receive automatic enrolments in accordance with the applicable regulatory requirements. Accordingly, the following three scenarios may arise:

- Fund already compliant (point a): may accept enrolments as of 01/07/2026.
- Fund not yet compliant but with at least two options with different risk profiles (point b): may accept enrolments from 01/07/2026 under a transitional arrangement but must become compliant by 30/06/2027.
- Fund not compliant (letter c): cannot accept automatic enrolments; the default fund is COMETA.

Before making the first contribution for a new recruit, it is advisable to check the relevant pension fund's website to see whether it has confirmed its eligibility to accept automatic enrolments.

3.2 New supplementary pension benefits (COVIP, 25/06/2026)

Law No. 199/2025 introduced three new types of pension benefits, as alternatives to the life annuity, available only for defined-contribution schemes. These benefits allow for greater flexibility during the payout phase compared with the previous system.

The three new benefits are:

Type	Main features	Commencement
Fixed-term annuity	Paid for a number of years equal to remaining life expectancy (ISTAT tables). The instalment is calculated by dividing the remaining accumulated by the number of remaining instalments. The amount varies depending on investment returns.	01/07/2026
Freely determinable withdrawals	The member chooses the amount and timing of withdrawals, subject to the limit of the accrued but unclaimed instalments of the fictional fixed-term annuity. The schemes may set a minimum amount and a minimum interval between withdrawals.	01/07/2026
Instalment payments of the balance	Payment of the lump sum in instalments over a period chosen by the member (minimum 5 years). Each instalment is calculated by dividing the remaining lump sum by the number of remaining instalments. Frequency: monthly or yaerly.	31/10/2026*

3.3 Common rules

- The new benefits are alternatives to the life annuity and cannot be combined with one another.
- Once payments have commenced, the choice is irrevocable, unless the remaining lump sum is converted into an immediate or deferred life annuity.
- From the moment the benefit is drawn, it is no longer possible to make advance withdrawals, transfers or RITA arrangements; only a switch between investment funds is permitted.
- No further contributions may be made, unless the member establishes a new employment relationship with accrual of severance pay (the two positions remain separate).
- Payments cannot be combined with any RITA that may be in progress.
- In the event of death, the remaining balance is paid to the person designated at the time of the benefit claim. This designation is mandatory and essential.
- The costs charged by pension schemes must be kept to a minimum and limited to actual administrative expenses.

3.4 Transitional period for the adaptation of funds

Supplementary pension schemes shall have until 31/12/2026 to implement the necessary amendments to their internal systems, procedures, and operational processes in order to comply with the new regulatory framework.

During this transitional period, pension schemes shall remain under an obligation to accept members' applications for the new benefit options; however, no such benefits may be paid until the required operational adjustments have been fully implemented. The member shall be entitled to revoke the election made at any time prior to the disbursement of the first benefit payment.

Pension schemes must submit their amended articles of association or regulations to COVIP no later than 31/07/2026.

4. Obligations for employers

Supplementary pensions — immediate obligations (from 01/07/2026)	New pension benefits — obligations
– Check the pension fund specified in the applicable national collective labour agreement (CCNL) and verify on the fund’s website whether it has confirmed its eligibility to accept automatic enrolments. — *Mandatory before the first contribution* – Prepare or update the information notice to be provided to the new employee upon recruitment (mechanism, destination fund, available options, 60-day timeframe). – For employees who are not first-time hires, obtain a declaration stating whether or not they are enrolled in a pension fund with severance pay (TFR) contributions. – Schedule the payment (severance pay + contributions) to the fund from the month following the expiry of the 60-day period, including accruals from the date of recruitment. – Handle any waiver within 60 days and update procedures accordingly.	– Check with the pension funds concerned regarding their adaptation to the new benefits and the timetable for their availability. – Inform members approaching retirement of the new payment options, referring them to the funds’ information leaflets.

Our firm remains at your disposal for any further clarification or assistance, as well as for preparing the information notices for employees and providing support with the compliance requirements set out in the legislation.

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